

Feb. 26 / Administration of George Bush, 1991

Letter to Congressional Leaders Transmitting a Report on International Agreements

February 26, 1991

Dear Mr. Speaker: (Dear Mr. Chairman:)

Pursuant to subsection (b) of the Case-Zablocki Act (Public Law 95-426; section 112b(b)), I transmit herewith a report prepared by the Department of State concerning international agreements.

Sincerely,

GEORGE BUSH

Note: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Claiborne Pell, Chairman of the Senate Foreign Relations Committee.

Message to the Congress Transmitting Proposed Legislation To Implement the Administration's Enterprise for the Americas Initiative

February 26, 1991

To the Congress of the United States:

I am pleased to transmit a legislative proposal entitled the "Enterprise for the Americas Initiative Act of 1991." This proposal sets forth key measures to implement the investment, debt, and environmental components of my "Enterprise for the Americas" Initiative announced on June 27, 1990. It will build on the provisions in Title IV of the Agricultural Trade Development and Assistance Act of 1954 as amended by section 1512 of the Food, Agriculture, Conservation, and Trade Act of 1990 ("1990 Farm Bill") to grant the Administration the remaining authority needed to implement these aspects of the Initiative. Also transmitted is a section-by-section analysis of the proposed legislation.

This Initiative acknowledges the gains made for freedom in our hemisphere over the last year, as a resurgence of democratic rule has swept through the Americas. It also reaches out to support the realignment of economic policies that has paralleled this political shift.

As the people of Latin America and the Caribbean search for prosperity following a decade of painful economic adjustment, their governments are focusing on economic growth and the free market policies

needed to nourish it. By reforming economies and rebuilding their strengths, each country will contribute to the prospects for the Americas as a whole in the coming years. My new Enterprise for the Americas Initiative aims to build a broad-based partnership for the 1990s to promote this process.

The Initiative rests on three pillars—actions on trade, investment, and debt—through which we can reach out to our neighbors and support economic reform and sustained growth. *First*, we want to expand trade by entering into framework agreements on trade agreements that will establish a hemisphere-wide free trade system. *Second*, we want to encourage foreign and domestic investment and help countries compete for capital by reforming both broad economic policies and specific regulatory systems. *Third*, we want to build on our successful efforts to ease debt burdens and to increase the incentives for countries to reform their economies by offering additional measures in the debt area. Building a strong future for the hemisphere also depends on preserving and protecting the environment. Accordingly, we also propose to create resources to support environmental programs as an important element

of debt reduction.

The proposal I am transmitting to the Congress focuses on the investment, debt, and environment components of the Enterprise for the Americas Initiative. It reflects the mechanisms established in the 1990 Farm Bill authorizing the reduction of PL-480 debt of eligible countries and the payment of interest in local currency to support environmental projects.

The proposal provides for contributions by the United States to a multilateral investment fund to be established by the Inter-American Development Bank (IDB) that would foster a climate favorable to investment in Latin American and Caribbean countries. This Enterprise for the Americas Investment Fund will provide additional support for reforms undertaken as part of the new IDB investment sector lending program. The Fund will advance specific, market-oriented investment policy initiatives and reforms and finance technical assistance.

The proposal establishes the Enterprise for the Americas Facility to support the objectives of the Initiative through administration of debt reduction operations for those nations that meet the investment reform and other policy conditions. Latin American and Caribbean countries can qualify for benefits under the Facility if they:

- Have in effect, have received approval for, or in exceptional circumstances are making significant progress toward International Monetary Fund/World Bank reform programs and World Bank adjustment loans;
- Have in place major investment reforms in conjunction with an IDB loan or are otherwise implementing or making significant progress toward open investment regimes; and
- Have negotiated a satisfactory financing program with commercial banks, including debt and debt service reduction, if appropriate.

The proposal authorizes the reduction of concessional obligations extended under the Foreign Assistance Act of 1961. The Agency for International Development will exchange—at the direction of the Facility—new obligations for obligations outstanding

as of January 1, 1991. Principal on the new obligation will be paid in U.S. dollars. Interest will be at a concessional rate and paid in local currency if an eligible country has entered into an Environmental Framework Agreement establishing an Enterprise for the Americas Environmental Fund; otherwise, interest will be paid in U.S. dollars.

The Environmental Fund into which local currency interest payments are deposited will be owned by the debtor country. The Environmental Framework Agreement negotiated with each country will provide guidelines for the administration of its Environmental Fund. This Agreement will be negotiated by the President in consultation with the Environment for the Americas Board, a Washington-based entity with both United States Government and nongovernmental representatives.

This Board will also ensure that appropriate local administering bodies are established and will review the programs, operations, and fiscal audits of each administering body. Local administering bodies will include representatives from the United States Government, the debtor government, and a broad range of environmental nongovernmental organizations based in the participating country. A majority of the members of each administering body shall be individuals from such nongovernmental organizations.

These administering bodies will be responsible for identifying projects and managing the use of the Environmental Funds in each country. They will prepare annual programs laying out their priorities and plans, which will be submitted to the Environment for the Americas Board for review. Grants in excess of \$100,000 will be subject to the veto of the United States Government or the debtor government involved.

The proposal also authorizes the sale, reduction, or cancellation of loans made to eligible countries under the Export-Import Bank Act of 1945, as amended, and assets acquired under export credit guarantee programs authorized pursuant to the Commodity Credit Corporation Charter Act or section 4(b) of the Food for Peace Act of 1966. These sales, reductions, or cancellations will be undertaken only when pur-

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chasers confirm that they will be used to carry out debt-for-equity, debt-for-development, or debt-for-nature swaps in eligible countries.

We believe that these investment, debt, and environmental measures will provide significant support to the efforts of Latin America and the Caribbean to build strong economies.

The leaders of these countries have welcomed the Initiative and widely recognize it as the most significant opportunity—and challenge—in inter-American relations in recent years. These are the leaders who are facing difficult choices in reforming their economies and, in the process, turning the tide away from economic decline and environmental degradation.

Their efforts are not merely of theoretical

importance to us in the United States. We have not gone untouched by the economic crisis faced by Latin America and the Caribbean over the last decade. As countries in the region cut imports, postponed investment, and struggled to service their foreign debt, we too were affected. We lost trade, markets, and opportunities.

Enactment of the Enterprise for the Americas Initiative Act of 1991 will permit the United States to support the efforts of Latin American and Caribbean leaders, increasing the prospects for economic growth and prosperity throughout the hemisphere.

GEORGE BUSH

The White House,
February 26, 1991.

Remarks to the Conference on Marketing Economics and Management Training for Eastern Europe

February 27, 1991

Thank you very much. Nice to see all of you. Please be seated, and welcome, all. I'm very pleased to be here in my role as what's billed as a cameo appearance, in and out—[*laughter*—and let you get on with the important work before you. But I want to welcome all of you to the White House. Thank you for your participation.

A number have come from very far away: Vice President Pregl of Yugoslavia; the Deputy Prime Minister of Bulgaria, Mr. Pirinski; and Ministers from Czechoslovakia, Hungary, Poland, and Romania.

Among so many others here today, George Varga from Hungary and Haile Aguilar from Poland, Drew Lewis—where's Drew? I don't see him. Among others who are not here is Drew Lewis. [*Laughter*] But let me just say this: His leadership at the Citizens Democracy Corps has been just fantastic. And I was hoping he'd be here so I could single him out. He's for lunch—okay. And of course, Dave Gergen, who I understand is ably moderating all of this. I salute Secretaries Robson and Eagleburger, too.

Yesterday I was on the phone for a long time with Vaclav Havel, the President of Czechoslovakia. And I made clear to him that, though the Gulf obviously is dominating the news coverage and claiming a lot of our time, I have not lost interest, nor has anyone in our government—as Secretaries Eagleburger and Robson can attest to—we have not lost interest in what's going on in Eastern Europe. All our people here are experts. Bruce Gelb knows that; Mike Roskens knows. And we are delighted that this is going forward, this conference and these discussions.

Historic events in Central and Eastern Europe—I called it the Revolution of '89—and its aftermath have indeed inspired us all. These countries are committed to free societies and free market economies. And we have been strong supporters of economic reform in Central and Eastern Europe through major bilateral commitments and supportive stabilization programs, enterprise funds for the private sectors of Poland, Hungary, and Czechoslovakia, and improved trade and investment relations.